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BIWEEKLY REPORT

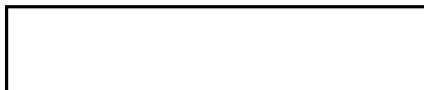
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/116

18 July 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
1 - 14 July 1960

The USSR has again offered Turkey substantial economic aid -- a proposal that represents a continuation of Moscow's campaign to take advantage of Turkey's current financial difficulties and to strengthen elements within the new Turkish regime that may be inclined toward a policy of closer alignment with the Bloc.

The Pakistani Minister of Fuel, Power, and Natural Resources has been invited to the USSR to negotiate an agreement covering direct Soviet assistance in the field of petroleum and mineral exploration. Although new barter agreements with Czechoslovakia, Poland, and the USSR may further strengthen Bloc economic ties with Pakistan, this country's future relations with the Bloc will continue to be circumscribed by the avowedly pro-Western policies of the Ayub government.

Ghana reportedly is considering a Soviet offer of extensive technical assistance and a credit of as much as \$280 million. The offer enumerates 28 projects for which technicians, training, equipment, and materials might be provided.

Czechoslovakia and Brazil have concluded a new 5-year trade and payments agreement that calls for an exchange of goods worth \$70 million in 1960 -- a level that is below the figure of \$100 million that Czechoslovakia announced as its goal at the beginning of negotiations. Czechoslovak machinery will be exchanged for Brazilian coffee, cacao, minerals, leather, and sisal.

Following the US decision to cut the Cuban sugar quota, Premier Khrushchev announced that the USSR has offered to buy an additional 700,000 tons of sugar in 1960 if Cuba has difficulty in disposing of its current crop.

The Cuban economic mission to the countries of the Bloc completed its tour on 6 July. As a result of agreements signed during the trip,

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30 new factories will be built in Cuba. Aid in the form of industrial equipment and technical assistance for these projects is expected from Czechoslovakia, East Germany, Poland, and the USSR.

Cuba's supply of petroleum is tight, following the confiscation of the Esso, Texaco, and Shell refineries by the Cuban Government. Premier Castro has claimed that supplies will again be normal by the middle of July because of the scheduled arrival of 19 Soviet tankers during the month. There is little doubt that the USSR is able to supply sufficient petroleum to meet Cuba's requirements. Furthermore, the USSR will evidently be able to meet successfully the transport problem involved in moving Soviet crude oil from the Black Sea to Cuba.

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